

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 IGA-02 AGRE-00 CU-02 CIAE-00
DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05
PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 COME-00
EB-07 FRB-03 TRSE-00 XMB-02 OPIC-03 LAB-04 EPG-02
SIL-01 OMB-01 OES-07 DHA-02 ORM-02 /099 W
-----101012Z 111386 /16

R 100715Z MAY 77
FM AMEMBASSY BEIRUT
TO SECSTATE WASHDC 3960

C O N F I D E N T I A L SECTION 1 OF 2 BEIRUT 2195

E.O. 11652: GDS
TAGS: PFOR EAID LE US
SUBJ: CALL ON PRIME MINISTER

REF: (A) BEIRUT 2159, (B) BEIRUT 2106, (C) BEIRUT 1920

1. SUMMARY: PRIME MINISTER AL-HOSS SUGGESTED ON MAY 6 THAT UNITED STATES MIGHT USE AID FUNDS NEXT YEAR FOR HOUSING, ROAD REPAIRS, AND RESTORATION OF TELECOMMUNICATIONS, ALTHOUGH HE MADE CLEAR THAT THESE WERE PRELIMINARY VIEWS. HOSS EXPRESSED INTEREST IN A PL-480, TITLE I, AGREEMENT FOR COTTON AND ASKED THAT WE USE "SUBSTANTIAL PORTION" OF THIS YEAR'S REMAINING AID FUND FOR TECHNICAL STUDIES. HE REMARKED WITHOUT PROMPTING THAT USG AID FOR AMERICAN UNIVERSITY OF BEIRUT (AUB) WAS "VERY IMPORTANT FOR LEBANON AND ARAB WORLD." HE ACKNOWLEDGED THAT ARAB AID TO PRIVATE SECTOR WAS NOT FORTHCOMING AND CLAIMED MOVE OF PALESTINIANS FROM DAMOUR HAD BEEN "DECIDED." END SUMMARY.

2. ON MAY 6 SECOND SECRETARY YELLIN AND I CALLED ON PRIMIN AL-HOSS AND EXPLAINED, AS I HAD TO MOHAMMED ATALLAH, THAT WE HAD TENTATIVELY BUDGETED \$20 MILLION IN AID FOR NEXT FISCAL YEAR, ALL OF WHICH WOULD HAVE TO BE USED FOR RECONSTRUCTION RATHER THAN
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DEVELOPMENT. I ALSO SAID MORE HOUSING GUARANTEE MONEY AND PL-480 FUNDS MIGHT BE AVAILABLE. AFTER NOTING THAT ATALLAH WANTED \$20 MILLION TO BE EARMARKED FOR REPAIR OF ROAD NETWORK, I ASKED PRIMIN HOW HE WOULD LIKE TO SEE MONEY USED.

3. GOL PRIORITIES.

HOSS REPLIED THAT HE COULD NOT YET RECOMMEND PRECISELY HOW TO ALLOCATE MONEY, BUT SUGGESTED WE CONSIDER FOLLOWING POSSIBILITIES:

A. HOUSING. IF \$20 MILLION WERE IN FORM OF GRANTS, FIRST PRIORITY SHOULD BE HOUSING. TO DATE GOL HAD RECEIVED LL 50 MILLION FROM SAUDI ARABIA DND LL 30 MILLION FROM KUWAIT, ONLY A "TRICKLE" OF LL 500-600 MILLION NEEDED. PRIMIN ASKED, HOWEVER, WHETHER ANY UNITED STATES GRANTS WOULD ENTAIL RESTRICTIONS PREVENTING GOL FROM USING MONEY TO MAKE LOW-INTEREST LOANS AND TO SET UP REVOLVING FUNDS UNDER MINISTRY OF HOUSING'S PRESENT REPAIR AND RECONSTRUCTION PROGRAM. I SAID I WOULD ASK.

B. ROADS. PRIMIN AGREED WITH ATALLAH THAT REPAIR OF ROAD SYSTEM WAS VERY IMPORTANT (SEE REF A). HOSS SAID THAT MINISTRY OF PUBLIC WORKS HAD PREPARED PRELIMINARY STUDY FOR ROAD REPAIRS COSTING LL 190 MILLION. GOL WOULD SUBMIT THIS TO ABU DHABI FUND FOR FINANCING. IF LEBANON NEEDED MONEY IN ADDITION TO THAT WHICH ABU DHABI FUND MIGHT OFFER, SOME OF 20 MILLION SHOULD BE USED.

C. TELECOMMUNICATIONS. GOL CONTINUED TO BELIEVE THAT RESTORATION AND IMPROVEMENT OF TELECOMMUNICATIONS SYSTEM WERE VITAL. HOWEVER, PRIMIN ACKNOWLEDGED THAT IT WOULD BE DIFFICULT TO DRAW LINE BETWEEN RECONSTRUCTION AND DEVELOPMENT FOR THIS ACTIVITY.

4. PL-480.

A. I REMARKED THAT MINISTER OF AGRICULTURE DOUMIT HAD RECENTLY
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MENTIONED TO OUR AGRICULTURAL ATTACHE THAT GOL MIGHT REQUEST PL-480, TITLE I, AGREEMENT FOR COTTON. I ASKED IF PRIMIN HAD ANY THOUGHTS.

B. HOSS REPLIED THAT GOL WAS INTERESTED, PERHAPS FOR THIS FISCAL YEAR, BUT WOULD FIRST LIKE TO CLARIFY ONE QUESTION. COULD GOL SELL TITLE I RAW COTTON TO LEBANESE MANUFACTURERS WHO WOULD IN EFFECT RE-EXPORT MUCH OF IT IN FORM FINISHED TEXTILES? IF NOT, AGREEMENT WOULD NOT MEET LEBANESE NEEDS. I AGREED TO ASK WASHINGTON. (I HAD SUBSEQUENT CONVERSATION ON SUBJECT WITH GEORGE ASSEILLY, PRESIDENT OF CHAMBER OF INDUSTRY, AND A TEXTILE MANUFACTURER. HE SAID LEBANESE INTERESTED IN BUYING STRICT MIDDLEINGS, BUT PRICE WOULD BE IMPORTANT CONSIDERATION.)

C. PRIMIN ALSO ASKED THAT AID/W FORWARD CERTIFIED ARABIC TEXT OF TITLE I AGREEMENT SIGNED APRIL 25, SO THAT COUNCIL OF MINISTERS COULD RATIFY IT QUICKLY.

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PA-01 PRS-01 SP-02 SS-15 USIA-06 AID-05 COME-00
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C O N F I D E N T I A L SECTION 2 OF 2 BEIRUT 2195

5. CONTINGENCY FUND.

AFTER NOTING WE HAD A LITTLE OVER \$1 MILLION LEFT FROM
AID FUNDS FOR THIS YEAR, I SAID WE TENTATIVELY CONSIDERING
FOLLOWING POSSIBILITIES AND WOULD LIKE HIS VIEWS:

A. STAFF FOR PROSTHETICS CENTER AT AUH AND SCHOLARSHIPS FOR
LEBANESE NURSING STUDENTS AT AUB. PRIMIN REPLIED "VERY GOOD."

B. PARTIAL PAYMENT OF SALARY OF TECHNICAL ADVISOR FOR RECON-
STRUCTION AND DEVELOPMENT BOARD. I EXPLAINED WE WOULD NOT PAY
ENTIRE SALARY, BUT WOULD TOP IT OFF TO BRING IT UP TO
INTERNATIONAL LEVELS. PRIMIN REPLIED THAT HE WAS "NOT TOO
ENTHUSIASTIC" ABOUT THIS IDEA, SINCE GOL WOULD HAVE TO BEAR
PART OF EXPENSES, AND SINCE IBRD, IMF, ECWA AND OTHERS WERE
OFFERING ADVISORS FREE. NEVERTHELESS, HOSS WOULD "LEAVE IT
UP TO ATALLAH."

C. 500 TENTS TO RESETTLE LEBANESE, NOT PALESTINIAN, REFUGEES.
I EXPLAINED THAT MINISTER OF SOCIAL AFFAIRS HAD STILL NOT INDI-
CATED WHETHER HE WISHED TO ACCEPT THIS OFFER. PRIMIN LISTENED
BUT MADE NO RESPONSE.

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D. TECHNICAL ASSISTANCE FOR STUDIES OF PROJECTS. PRIMIN SAID HE HOPED UNITED STATES WOULD SET ASIDE "SUBSTANTIAL PORTION" OF FUNDS FOR THIS PURPOSE. GOL HOPED TO DEVELOP REGIONS OUTSIDE OF BEIRUT AND THUS ANTICIPATED MANY NEW PROJECTS, INCLUDING ONES FOR TRIPOLI PORT, SIDON PORT, AND DRY DOCK FOR BEIRUT PORT. GOL WOULD NEED HELP IN PREPARING "HIGHLY TECHNICAL" IMPLEMENTATION STUDIES THAT LEBANESE COULD NOT DO THEMSELVES. I SAID AMOUNT AVAILABLE WOULD NOT BEGIN TO PAY FOR ENGINEERING STUDIES, BUT MIGHT BE USED FOR SOME PRELIMINARY, PHASE I STUDIES.

6. AMERICAN UNIVERSITY OF BEIRUT.

A. PRIMIN REMARKED WITHOUT PROMPTING THAT AUB WAS "VERY IMPORTANT FOR LEBANON AND THE ARAB WORLD." HE HOPED WE WOULD "NOT LET AUB DOWN." HE SAID THAT IF UNITED STATES REDUCED ITS COMMITMENT, QUALITY OF UNIVERSITY WOULD SUFFER.

B. I REPLIED THAT I WOULD DISCUSS AUB WHEN I RETURNED ON CONSULTATIONS TO WASHINGTON NEXT WEEK. I NOTED THAT UNIVERSITY MIGHT WISH TO ENCOURAGE CONTRIBUTIONS BY ARAB OIL STATES, AUB ALUMNI, AND AMERICAN COMPANIES IN MIDEAST. PRIMIN REMARKED THAT HE HAD BEEN INVOLVED IN PRIVATE FUND-RAISING DRIVE TO ENDOW A CHAIR ON MATCHING BASIS WHEN HE WAS HEAD OF AUB'S BUSINESS ADMINISTRATION DEPARTMENT ABOUT 12 YEARS AGO. DRIVE, HOWEVER, HAD FAILED TO RAISE MINIMUM FUNDS NEEDED FROM ALUMNI. HE HOPED RESPONSE WOULD BE BETTER NOW.

7. ARAB AID.

ALTHOUGH GOL HAD RECEIVED NO PRECISE COMMITMENTS FROM ARAB FUNDS, PRIMIN BELIEVED THEY WOULD AGREE TO HELP FINANCE SOME PROJECTS IN VERY NEAR FUTURE. HOWEVER, ARAB OIL STATES WERE SHOWING "A LOT OF HESITATION" IN PROVIDING HELP TO PRIVATE SECTOR. INDEED, THEY WERE UNLIKELY TO PROVIDE COORDINATED AID EFFORT NEEDED UNTIL LEBANESE POLITICAL SITUATION STABILIZED.

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8. RESETTLEMENT OF PALESTINIAN REFUGEES.

PRIMIN CLAIMED THAT MOVE FROM DAMOUR TO BISSARIYAH OF PALESTINIAN REFUGEES HAD BEEN "DECIDED." (PHALANGE PAPER AL AMAL, HOWEVER, ASSERTED ON MAY 5 THAT PALESTINIANS WERE SETTING CONDITIONS WHICH IN EFFECT BLOCKED MOVE.) UNLIKE UNRWA COMMISSIONER MCELHINEY (SEE REF B), HOSS ASSERTED THAT LEVELING OF SITE AT BISSARIYAH WAS NOT A PROBLEM; THIS COULD BE DONE CHEAPLY. SITE WAS SMALL, HOWEVER, AND WOULD REQUIRE CONSTRUCTION OF TWO-STORY RATHER THAN USUAL ONE-STORY BUILDINGS TO HOUSE ALL REFUGEES. THIS WOULD RAISE EXPENSES CONSIDERABLY, SINCE STURDIER CONSTRUCTION AND FOUNDATIONS WOULD BE NEEDED

WHEN PERMANENT HOUSES WERE BUILT. UNLIKE MCELHINEY, HOSS
BELIEVED PURCHASE OF ADDITIONAL LAND SURROUNDING SITE WOULD
BE TOO TIME CONSUMING TO OFFER SATISFACTORY SOLUTION.

9. ACTION REQUESTED. PLEASE PROVIDE ANSWERS TO HOSS' QUESTIONS
REGARDING ANY RESTRICTIONS ON USE OF HOUSING GRANTS (PARA 3)
AND TITLE I COTTON (PARA 4B). ALSO, PLEASE SEND CERTIFIED
ARABIC TEXT OF APRIL 25 TITLE I AGREEMENT AS SOON AS POSSIBLE.
PARKER

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Message Attributes

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Sent Date: 10-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
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Disposition Approved on Date:
Disposition Case Number: n/a
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